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Silver State Broadcasting, LLC, Golden  
State Broadcasting, LLC, and Edward R.  
Stolz, II

**UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA  
EASTERN DIVISION**

WB MUSIC CORP. et al.,  
Plaintiffs,  
v.  
ROYCE INTERNATIONAL  
BROADCASTING CORP., et al.,  
Defendants.

CASE NO.: 5:16-cv-00600-JGB (SPx)  
Hon. Jesus G. Bernal

**DEFENDANTS' REQUEST FOR  
UPDATED STATUS RE:  
TERMINATION OF  
RECEIVERSHIP**

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**TERMINATION OF RECEIVERSHIP**

**I. INTRODUCTION**

On March 10, 2021, at the hearing of Defendants' Motion to Terminate the Receivership, Dismiss the Receiver, and Enjoin the Sale of the Radio Stations ("Termination Motion") [Dkt. 369], the Court denied the Termination Motion and stated that it intends to continue the Receivership.

On March 11, 2021, Defendants filed a Status Report ("Status Report") which, among other topics, requested clarification on the status of the Receivership, and sought guidance as to further action which would be necessary for the Court to order a winding up or termination of the Receivership. [Dkt. 409.]

On March 18, 2021, the Court issued a Minute Order regarding the Termination Motion ("Minute Order"). [Dkt. 413.]

Defendants resubmit their request for guidance from the Court as to what further actions are required prior to termination of the Receivership and a return of the Radio Stations to Defendants.

**II. DEFENDANTS SEEK AN UPDATED STATUS REGARDING THE  
RECEIVERSHIP, GIVEN TERMINATION OF THE  
RECEIVERSHIP WOULD CAUSE NO PREJUDICE**

The Minute Order noted, "the Court could terminate the receivership at this juncture" but nonetheless declined to do so, "in order to ensure that the satisfaction of the judgments in the instant case has not prejudiced other creditors." [Dkt. 413 at p.3.] The Minute Order referred to a creditor whose sum has been reduced to judgment, Bellaire Tower Homeowners Association ("Bellaire").

The Court, however, did not clarify how long it would hold the Receivership open to ensure there is no prejudice to Bellaire. Given a continuation of the Receiver's services, in this case, will only further deplete the assets of Defendants and/or

1 Receivership, it is difficult to see how such a result is in Bellaire's interest. This is  
 2 especially so not only because Bellaire already has their own case and judge to protect  
 3 their interests, but also because Defendants have openly indicated they intend to  
 4 vigorously challenge any consummated sale of the three Radio Stations, on the basis  
 5 such a sale would be excessive and improper given the Bellaire judgment is a fraction  
 6 of the value of even one of those assets.<sup>1</sup> Defendants believe such a challenge would  
 7 clearly have merit, and would delay resolution of Bellaire's judgment.

8 Moreover, it is difficult to see how Bellaire would be harmed if the Receivership  
 9 is discharged and the three Radio Stations are returned to Defendants, since those are  
 10 the very assets which would ensure Defendants' solvency to pay the Bellaire judgment  
 11 (several times over), if and when necessary. Given the same Receiver in this case is  
 12 assigned to the Bellaire case, there is even less cause for concern that Bellaire could be  
 13 prejudiced by dismissal of the Receivership here.

14 *Consolidated Railroad Corporation v. Fore River Ry. Co.*, 861 F.2d 322, 327-28  
 15 (1st Cir. 1988) ("*Consolidated Railroad*") is an out-of-Circuit authority that stands for  
 16 the proposition that a court may expand the mandate of a receiver. This Court cited  
 17 *Consolidated Railroad* in its Minute Order with approval. In this litigation, however,  
 18 there has *never* been an order expanding the mandate of the Receiver, even though  
 19 Bellaire had given notice of its judgment prior to the Receivership's appointment. The  
 20 sole purpose for maintaining the Receivership – payment of Plaintiffs' judgment(s) –  
 21 has been satisfied, so *Consolidated Railroad* does not appear to support continuation  
 22 of the Receivership. In the words of *Consolidated Railroad*, "[w]hen the reason for  
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25 <sup>1</sup> Even if one were to take the sum of (a) the proposed Third Amended Judgment; (b) an estimate of  
 26 the Receiver's costs; (c) the Bellaire judgment; and (d) all three prospective third-party creditor  
 27 claims mentioned in prior briefing by the Receiver/Plaintiffs, that sum could not reasonably exceed  
 28 the value of even one Radio Station. This is further evidence that the instant litigation is far from  
 the "rare" case where the Receiver would be justified in liquidating the Receivership's assets, let  
 alone all three Radio Stations. See *S.E.C. v. TLC Investments & Trade Co.*, 147 F. Supp. 2d 1031,  
 1036 (C.D. Cal. 2001).

1 continuing the receivership has ceased, the property should be discharged and restored  
2 to the owner.” *Id.* at 327.

3 If the Court disagrees with Defendants’ analysis, Defendants respectfully seek  
4 guidance from the Court on where and how they have misinterpreted the mandate of  
5 the Receivership. At the very least, Defendants submit that, in light of the amount of  
6 the Bellaire judgment, the proposed sale in its current form (i.e., of all three Radio  
7 Stations) is patently improper.

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9 **III. DEFENDANTS SEEK A FINAL ACCOUNTING FROM THE**  
10 **RECEIVER, SO THE AMOUNT OWED CAN BE ADJUDICATED**  
11 **AND PAID**

12 The Minute Order referred to the fact that, “courts normally do not terminate  
13 receiverships until the Receiver prepares a final accounting.” [Dkt. 413 at p.3.] While  
14 Defendants acknowledge this accurately recites the law, it is less clear why the Court  
15 has not yet ordered a final accounting; the Receiver should be asked to do so.

16 The Minute Order cited with approval *Bruser v. Bank of Hawaii*, No. CV 14-  
17 00387 LEK-RLP, 2020 WL 5845713 (D. Haw. Sept. 30, 2020) (“*Bruser*”). However,  
18 unlike in *Bruser*, the Court here is *not* requiring the Receiver to “file a final accounting  
19 with the Court and perform any other action necessary to wind up the receivership by a  
20 specified date.” In fact, by keeping the Receivership alive with no specified end date,  
21 the Court is preventing the very “wrap up” which *Bruser* calls for.

22 Defendants cannot satisfy the Receiver’s legitimate costs until and unless the  
23 Court orders them to wind up the Receivership and submit an accounting to the Court.  
24 This is what the *Bruser* court did. In *Bruser*, the court appointed a receiver and charged  
25 it with a mandate to accumulate funding sufficient to satisfy liability. *Id.* at \*4. Once  
26 that goal had been accomplished, the *Bruser* court stated:

27 the receiver must take the necessary steps to wind up the Receivership.  
28 To that end, the Receiver is hereby ordered to.... file a final accounting

1 with the [c]ourt; and perform any other action necessary to wind up the  
2 receivership. *Bruser*, 2020 WL 5845713, at \*5.

3  
4 Thus, the *Bruser* court ordered the receiver to “wrap up” because its purpose had  
5 been accomplished. *Id.* In light of *Bruser*’s holding, Defendants are puzzled by the  
6 logic of the Minute Order. The Court seems to be refusing to order the Receiver to  
7 “wind up” so that an accounting can be done, which is, in essence, simply allowing the  
8 Receiver to continue to allow the Receiver to accumulate costs. Defendants therefore  
9 read *Bruser* as supporting *Defendants*’ position first laid out in their Termination  
10 Motion: the Receivership should not continue unimpeded, but rather, it should instead  
11 submit a final accounting in anticipation of termination.

12 If the Court disagrees with Defendants’ interpretation of *Bruser*, then Defendants  
13 respectfully seek the guidance requested in their Status Report – Defendants sincerely  
14 wish to know what further steps they should take here, since as of this filing the  
15 Receiver has made no formal or informal demands for payment, despite Defendants’  
16 repeated request. [Dkt. 409.]

17 Otherwise, Defendants respectfully reiterate their request for a briefing schedule  
18 to expeditiously be set on the Receiver’s final accounting, so that amounts owed can be  
19 adjudicated.

#### 20 21 **IV. CONCLUSION**

22 Defendants seek a winding up and termination of the Receivership, and  
23 restoration of the entirety of their three Radio Stations back to them.

24 The *Bruser* court’s position on return of receivership property to its rightful  
25 owner, once judgment has been satisfied, is unequivocal: “A receivership once  
26 imposed ... should be terminated and control returned to those who own the business as  
27 soon as the reason for its imposition ceases.” *Id.* at \*4 (emphasis added). This echoes  
28 Ninth Circuit authority, which states, “[a] receivership may interfere seriously with a

1 defendant's property rights" and therefore is "an extraordinary remedy that should be  
2 employed with the utmost caution and granted only in cases of clear necessity to protect  
3 plaintiff's interests in the property." *Solis v. Matheson*, 563 F.3d 425, 437 (9th Cir.  
4 2009).

5 Whatever the Court's opinion of Defendants' past conduct, Defendants submit it  
6 is apparent their property rights have been seriously interfered with by the  
7 Receivership, and any necessity for such a remedy has now passed. The sole objective  
8 of this filing is, therefore, to obtain clarity on how to resolve this litigation.

9 Defendants believe the sale of the Radio Stations should be enjoined and the  
10 Receiver compelled to submit a final accounting for adjudication, in anticipation of  
11 winding up and termination. If the Court disagrees, Defendants ask for guidance as to  
12 what further steps they can take to cause these events to happen.

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15 ADLI LAW GROUP, P.C.

16  
17 Dated: May 21, 2021

18 /s/ Dariush G. Adli

19 Dariush G. Adli

20 Attorneys for Defendants  
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**CERTIFICATE OF SERVICE**

I hereby certify that I electronically filed the foregoing documents with the Clerk of the Court for the United States District Court for the Central District of California by using the CM/ECF system on May 21, 2021:

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TERMINATION OF RECEIVERSHIP**

Participants in the case who are registered CM/ECF users will be served by the CM/ECF System.

I certify under penalty of perjury that the foregoing is true and correct.  
Executed May 21, 2021 at Los Angeles, California.

Date: May 21, 2021

/s/ Dariush G. Adli  
Dariush G. Adli